Approach Procedures (SIAP) based on the Global Positioning System (GPS) to serve flights operating into Gettysburg Airport under Instrument Flight Rules (IFR) makes this action necessary. Controlled airspace extending upward from 700 feet Above Ground Level (AGL) is needed to contain aircraft executing the approach. The area would be depicted on aeronautical charts for pilot reference.

DATES: Comments must be received on or before July 30, 2003.

ADDRESSES: Send comments on this proposal to the Docket Management System, U.S. Department of Transportation, Room Plaza 401, 400 Seventh Street, SW., Washington, DC 20590–0001. You must identify the docket number FAA–2003–15228/ Airspace Docket No. 03–AEA–04 at the beginning of your comments. You may also submit comments on the Internet at *http://dms.dot.gov.* You may review the public docket containing the proposal, any comments received, and any final disposition in person in the Dockets Office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Docket Office (telephone 1–800–647–5527) is on the plaza level of the Department of Transportation NASSIF Building at the above address.

An informal docket may also be examined during normal business hours at the office of the Regional Air Traffic Division, Federal Aviation Administration, Eastern Region, 1 Aviation Plaza, Jamaica, NY 11434–4809.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, economic, environmental, and energy-related aspects of the proposal. Communications should identify both docket numbers and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket No. FAA–2003–15228/Airspace Docket No. 03–AEA–04''. The postcard will be date/time stamped and returned to the commenter.

Availability of NPRMs

An electronic copy of this document may be downloaded through the Internet at *http://dms.dot.gov* Recently published rulemaking documents can also be accessed through the FAA's web page at *http://www.faa.gov* or the Superintendent of Documents web page at *http://www.access.gpo.gov/nara.* Additionally, any person may obtain a copy of this notice by submitting a request to the Federal Aviation Administration, Office of Air Traffic Airspace Management, ATA–400, 800 Independence Avenue, SW., Washington, DC 20591, or by calling (202) 267–8783. Communications must identify both docket numbers for this notice. Persons interested in being placed on a mailing list for future NPRMs should contact the FAA's Office of Rulemaking, (202) 267–9677, to request a copy of Advisory Circular No. 11–2A, Notice of Proposed Rulemaking Distribution System, which describes the application procedure.

The Proposal

The FAA is considering an amendment to Part 71 of the Federal Aviation Regulations (14 CFR Part 71) to establish Class E airspace area at Gettysburg, PA. The development of SIAPs to serve flights operating IFR into Gettysburg Airport makes this action necessary. Controlled airspace extending upward from 700 feet AGL is needed to accommodate the SIAPs. Class E airspace designations for airspace areas extending upward from 700 feet or more above the surface are published in Paragraph 6005 of FAA Order 7400.9K, dated August 30, 2002, and effective September 16, 2002, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in the Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this proposed regulation—(1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is no minimal. Since this is a routine matter that would only affect air traffic procedures and air navigation, it is certified that this proposed rule would not have significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR Part 71 as follows:

PART 71—[AMENDED]

1. The authority citation for 14 CFR Part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; EO 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9K dated August 30, 2002 and effective September 16, 2002, is proposed to be amended as follows:

Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.

* * * * *

AEA PA E5 Gettysburg, PA [NEW]

Gettysburg Airport
(Lat 30°50′28″ N., long. 77°16′27″ W).

That airspace extending upward from 700 feet above the surface within a 6-mile radius of Gettysburg Airport.

Issued in Jamaica, New York on June 3, 2003.

Loretta Martin,

Acting Manager, Air Traffic Division, Eastern Region.

[FR Doc. 03–16464 Filed 6–27–03; 8:45 am]

BILLING CODE 4910–13–M

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 1

RIN 3038–AC01

Investment of Customer Funds

AGENCY: Commodity Futures Trading Commission.

ACTION: Proposed rule.

SUMMARY: The Commodity Futures Trading Commission (Commission) proposes to amend its regulations to allow futures commission merchants (FCMs) and derivatives clearing organizations (DCO) to engage in repurchase agreements with securities

deposited by customers subject to certain conditions and to modify the portfolio time-to-maturity requirements for securities deposited in connection with certain collateral management programs of DCOs pursuant to certain conditions. The Commission also is requesting comment on several other provisions of the rule: Whether the portfolio time-to-maturity requirement should be modified for portfolios consisting exclusively of Treasury securities; whether the restriction on embedded derivatives should be modified; whether the list of permitted benchmarks for variable rate securities should be expanded; and whether the concentration limitations on reverse repurchase agreements should be changed. The Commission is proposing these rule amendments and requesting comment as part of its continuing efforts to facilitate the safe and efficient handling of customer funds, and in response to inquiries received as firms gain experience implementing the revisions adopted in December 2000.

DATES: Comments must be received on or before July 30, 2003.

ADDRESSES: Comments on the proposed amendments should be sent to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581. Comments may be sent by facsimile transmission to (202) 418–5521, or by e-mail to *secretary@cftc.gov*. Reference should be made to ''Proposed Amendments to Regulation 1.25.''

FOR FURTHER INFORMATION CONTACT: John C. Lawton, Deputy Director and Chief Counsel, or Lois Gregory, Special Counsel, Division of Clearing and Intermediary Oversight, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581. Telephone (202) 418–5450.

SUPPLEMENTARY INFORMATION:

I. Background

Commission Regulation 1.25 (17 CFR 1.25) sets forth the types of instruments in which FCMs and DCOs are permitted to invest customer segregated funds. Regulation 1.25 was substantially amended in December 2000 to expand the list of permitted investments.[1] In connection with the expansion, the Commission added several provisions intended to minimize the credit, liquidity, and volatility risk associated with the additional investments. The Commission is proposing to modify some of those provisions. The Commission is also requesting comment on several other provisions of the rule.

II. Proposed Amendments

A. Repurchase Agreements Involving Collateral Deposited by Customers

CFTC Interpretative Letter 84–24 (''84–24'') permits FCMs to engage in repurchase agreements (''repos'') with collateral deposited by customers (''customer collateral'') subject to certain terms and conditions.[2] When the Commission adopted the amendments to Regulation 1.25 in December 2000, it included provisions governing repos and reverse repos involving investments purchased with customer funds (''permitted investments'') subject to terms and conditions that differ in a number of ways from those in 84–24.[3] The Commission did not address 84–24 at that time.

Various market participants have suggested that repos involving customer collateral should be permitted under the terms and conditions applicable to permitted investments. They believe that increased use of repos could enhance yield. They also note that certain types of collateral, while permissible as margin at the FCM level, are not acceptable at the clearinghouse level. Permitting repos of such collateral could ease cash flow problems that sometimes arise from this circumstance.

The Commission is proposing to amend Regulation 1.25(a)(2) to permit FCMs and DCOs to engage in repos of customer-deposited securities subject to certain terms and conditions. The proposal would eliminate the requirement currently set forth in 84–24 that the FCM provide written disclosure of the mechanics of the transaction and obtain written authorization from the customer. If the Commission adopted the proposal, 84–24 would be superseded.

Proposed paragraph (a)(2)(ii)(A) would provide that, to be eligible, securities must meet the marketability requirements of Regulation 1.25(b)(1). This is intended to ensure that, if a repo counterparty should default, the FCM or DCO could use the cash proceeds from the repo to buy the securities elsewhere.

Proposed paragraph (a)(2)(ii)(B) would provide that securities subject to repurchase agreements must not be ''specifically identifiable property'' as defined in section 190.01(kk) of the Commission's rules. Such property is generally not eligible for repo.

Proposed paragraph (a)(2)(ii)(C) would provide that the terms and conditions of such a repo must be in accordance with the requirements of Rule 1.25(d). The Commission believes that these safeguards, currently applicable to repos for permitted investments, are appropriate to apply to customer-deposited securities as well.

Proposed paragraph (a)(2)(ii)(D) would provide that, in the unlikely event of a default by a counterparty to a repurchase agreement, the FCM must take steps to ensure that the default does not result in any cost or expense to the customer. The Commission believes that this requirement is appropriate in light of the proposal to eliminate the disclosure and consent requirements of 84–24. Given this lack of express authorization, any risk of loss created by the transaction should be borne by the FCM. The Commission believes that although the standards set forth in paragraph (a)(2)(ii)(C) should minimize the risk of default, nonetheless, if there is such a default, the FCM must make the customer whole.

The Commission requests comment on all aspects of this proposal. In particular, the Commission requests comment on whether it is appropriate to permit repos of customer collateral without prior written consent, and, if so, whether the limitations set forth in the proposal are appropriate. In this regard, the Commission specifically requests comment on whether a one-way notice disclosure to the customer should be required and whether a mechanism should be provided under which a customer could instruct the FCM that repos of its collateral would not be permitted. The Commission also requests comment on how an FCM may fulfill its obligations to its customer in the event a repo counterparty fails to perform. Is it sufficient if the FCM gives the customer the cash equivalent of the securities plus any transaction costs that might be incurred in replacing the securities? Or, should the FCM replace the securities? Would cash compensation be insufficient, for example, if a customer needed the particular security to maintain the risk profile of its portfolio?

The Commission further requests comment on whether the terms and conditions applicable to DCOs engaging in repos should differ in any way from those applicable to FCMs. The Commission also requests comment on whether customer collateral that is subject to repo should be treated for concentration purposes like permitted investments under paragraph (b)(4)(ii) or continue to be treated under paragraph (b)(4)(v). Finally, the

[1] 65 FR 77993 (December 13, 2000).

[2] CFTC Staff Letter No. 84–24, [1984–1986 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶22,449 (Dec. 5, 1984).

[3] Regulation 1.25(a)(2) and 1.25(d).

Commission requests comment on whether there are tax implications that should be considered in connection with this proposal.

B. Time-to-Maturity Requirements for Certain Collateral

Rule 1.25(b)(5) establishes a time-to-maturity requirement for the portfolio of permitted investments. Certain industry participants have requested limited relief from this provision. In particular, a DCO is developing a program whereby FCMs could deposit certain collateral on an overnight basis to meet certain special margin charges. Absent amendment of the rule, the deposit of such collateral could cause the FCM's portfolio to exceed the time-to-maturity limits of Rule 1.25(b)(5).

In order to encourage development of such innovative collateral management programs, and thereby facilitate the efficient use of capital, the Commission is proposing to amend Rule 1.25(b)(5). Under the proposal, certain instruments may be treated as if they had a time-to-maturity of one day if certain terms and conditions are satisfied. First, the instrument must be deposited with a DCO solely on an overnight basis. Second, the instrument must be one that the FCM owns or has the unqualified right to pledge, and free of any lien.[4] Third, the instrument must be used for the purpose of meeting concentration margin or other similar charges that are in addition to the basic margin requirement established by the DCO. Fourth, the DCO must price the instrument each day based on a current mark-to-market value. Fifth, the DCO must haircut the instrument by at least 2 percent. The Commission understands that 2 percent is the standard haircut generally used in the repo market.

The time-to-maturity requirement in 1.25(b)(5) is intended to limit the market risk of permitted investments. The Commission believes that it is appropriate to provide some additional flexibility under the circumstances and with the safeguards described above. That is, when instruments are held at a DCO solely on an overnight basis, subject to a haircut, and for the purpose of satisfying a margin cushion over and above the basic performance bond requirement, a modified treatment is appropriate. This treatment could increase capital efficiency at the FCM level by permitting additional instruments to be used for margin while enhancing systemic security at the DCO level by increasing the amount of collateral held to support positions.

The Commission requests comment on the appropriateness of the proposed terms and conditions. In particular, the Commission requests comment on whether the haircut is appropriate and whether the relief should be limited to instruments deposited to meet concentration and similar margin requirements, as proposed or whether the modified treatment should be extended to apply to initial margin generally. If the latter, should alternative safeguards be developed? For example, would it be appropriate to apply the relief to the extent that an FCM holds excess funds in segregation?

C. Time to Maturity—Treasury Portfolio

As noted above, current Rule 1.25(b)(5) limits the dollar weighted average of the time-to-maturity for permitted investments to no longer than 24 months. In expanding the range of permissible investments in December 2000, the Commission added this requirement.

One FCM has informed a self-regulatory organization that the FCM invests exclusively in obligations of the U.S. Treasury. This FCM believes that because Treasury instruments do not pose the same risks that other permitted investments pose, the time-to-maturity limitation should not apply.

The Commission requests comment on whether an alternate safeguard to limit risk, such as appropriate haircuts, would be more appropriate than the time-to-maturity requirement of Rule 1.25(b)(5) with respect to a portfolio consisting exclusively of U.S. Treasury securities.

D. Embedded Derivatives

Rule 1.25(b)(3)(i) prohibits instruments with embedded derivatives. Some market participants have suggested that there are certain instruments containing embedded derivatives that have a lower level of risk than some of the other investments permitted under the rule. The Commission requests comment on whether Rule 1.25(b)(3)(i) should be amended to modify the prohibition on investments in securities that contain an embedded derivative. In this regard, commenters are asked to describe how the level of risk of such securities could be limited.

E. Variable Rate Securities—Permitted Benchmarks

Rule 1.25(b)(3)(iv) permits investment in variable rate securities provided that they correlate to certain specified benchmarks. Industry representatives have noted that the benchmarks used in the marketplace evolve over time. They have suggested the rule should provide that the interest rate on variable rate securities may be benchmarked to any fixed rate instrument that is a permitted investment under the rule. The Commission requests comment on whether the provision on permitted benchmarks should be amended, and if so, what the applicable standard should be.

F. Reverse Repos—Concentration Limits

Rule 1.25(b)(4)(iii) establishes concentration limits for reverse repos. Industry representatives have indicated that because of the need to engage in manual processing, this investment alternative has generally proved not to be viable. They have expressed a desire to work with Commission staff to develop a proposal that would continue to address the risks of reverse repos. The Commission requests comment on market participants' experience with the current provisions relating to reverse repos and suggestions on how best to address the risks of these transactions.

III. Related Matters

A. Regulatory Flexibility Act

The Regulatory Flexibility Act (''RFA''), 5 U.S.C. 601 et seq. (1994 & Supp. II 1996), requires federal agencies, in proposing rules, to consider the impact of those rules on small businesses. The rule amendments discussed herein would affect FCMs. The Commission has previously established certain definitions of ''small entities'' to be used by the Commission in evaluating the impact of its rules on small entities in accordance with the RFA.[5] The Commission has previously determined that registered FCMs are not small entities for the purpose of the RFA.[6] The amendments proposed herein would not require any registrant to change its current method of doing business. The proposed amendments should reduce, rather than increase, the regulatory requirements that apply to registered FCMs. Accordingly, pursuant to 5 U.S.C. 605(b), the Chairman, on behalf of the Commission, certifies that

[4] Instruments that have been given to an FCM by a customer for deposit in a segregated account currently are not subject to the time-to-maturity provisions of Rule 1.25 and this would remain the case under this proposal. Instruments that have been purchased by an FCM with customer funds and are being held in a segregated account currently are subject to those provisions and this generally would remain the case under the proposal. The proposal would provide relief with regard to instruments that had been held by an FCM in its non-segregated inventory and that were deposited on an overnight basis into a segregated account at a DCO. So long as an FCM had an unqualified right to pledge the instruments, they could include instruments obtained through reverse repurchase transactions, or otherwise.

[5] 47 FR 18618–18621 (April 30, 1982).

[6] 47 FR 18619–18620.

these proposed amendments will not have a significant economic impact on a substantial number of small entities.

B. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (''PRA'') imposes certain requirements on federal agencies (including the Commission) in connection with their conducting or sponsoring any collection of information as defined by the PRA. The proposed rule amendments do not require a new collection of information on the part of any entities subject to the proposed rule amendments. Accordingly, for purposes of the PRA, the Commission certifies that these proposed rule amendments, if promulgated in final form, would not impose any new reporting or recordkeeping requirements.

Lists of Subjects in 17 CFR Part 1

Brokers, Commodity futures, Consumer protection, Reporting and recordkeeping requirements.

PART 1—GENERAL REGULATIONS UNDER THE COMMODITY EXCHANGE ACT

1. The authority citation for Part 1 continues to read as follows:

Authority: 7 U.S.C.

2. Section 1.25 is proposed to be amended by revising paragraphs (a)(2) and (b)(5) to read as follows:

§ 1.25 Investment of customer funds.

(a) * * *

(2)(i) In addition, a futures commission merchant or clearing organization may buy and sell the permitted investments listed in paragraphs (a)(1)(i) through (viii) of this section pursuant to agreements for resale or repurchase of the instruments, in accordance with the provisions of paragraph (d) of this section.

(ii) A futures commission merchant or a clearing organization may sell securities deposited by customers as margin pursuant to agreements to repurchase subject to the following:

(A) Securities subject to such repurchase agreements must meet the marketability requirement of paragraph (b)(1) of this section.

(B) Securities subject to such repurchase agreements must not be ''specifically identifiable property'' as defined in § 190.01(kk) of this chapter.

(C) The terms and conditions of such an agreement to repurchase must be in accordance with the provisions of paragraph (d) of this section.

(D) Upon the default by a counterparty to a repurchase agreement, the futures commission merchant or clearing organization must take steps to ensure that the default does not result in any cost or expense to the customer.

(b) * * *

(5) *Time-to-maturity.* (i) Except for investments in money market mutual funds, the dollar-weighted average of the time-to-maturity of the portfolio, as that average is computed pursuant to § 270.2a–7 of this title, may not exceed 24 months.

(ii) For purposes of determining the time-to-maturity of the portfolio, an instrument that is set forth in paragraphs (a)(1)(i) through (vii) of this section may be treated as having a one-day time-to-maturity if the following terms and conditions are satisfied:

(A) The instrument is deposited solely on an overnight basis with a derivatives clearing organization pursuant to the terms and conditions of a collateral management program;

(B) The instrument is one that the futures commission merchant owns or has an unqualified right to pledge, is not subject to any lien, and is deposited by the futures commission merchant into a segregated account at a registered derivatives clearing organization;

(C) The instrument is used only for the purpose of meeting concentration margin or other similar charges assessed by a derivatives clearing organization in addition to the basic margin requirement established by the derivatives clearing organization;

(D) The derivatives clearing organization prices the instrument each day based on the current mark-to-market value; and

(E) The derivatives clearing organization reduces the assigned value of the instrument each day by a haircut of at least 2 percent.

* * * * *

Issued in Washington, DC on June 25, 2003, by the Commission.

Jean A. Webb,

Secretary of the Commission.

[FR Doc. 03–16473 Filed 6–27–03; 8:45 am]

BILLING CODE 6351–01–U

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 21

RIN 2900–AL43

Administration of VA Educational Benefits—Centralized Certification

AGENCY: Department of Veterans Affairs.

ACTION: Proposed rule.

SUMMARY: This document proposes to amend the Department of Veterans Affairs (VA) rules governing certification of enrollment in approved courses for the training of veterans and other eligible persons under education benefit programs VA administers. As part of the approval requirements, educational institutions designate an official of the institution (a VA certifying official) to certify the enrollment of veterans and other eligible persons to VA. As a general rule, VA rules currently require that each branch or extension of an educational institution must perform the certifications and maintain records for veterans and other eligible persons at the branch or extension. The proposed rule would expand current regulations to allow an educational institution to combine the certification functions at one or more of its locations, to include branches and extensions not located within the same State.

DATES: Comments must be received on or before August 29, 2003.

ADDRESSES: Mail or hand-deliver written comments to: Director, Office of Regulations Management (02D), Department of Veterans Affairs, 810 Vermont Avenue, NW, Room 1154, Washington, DC 20420; or fax comments to (202) 273–9289; or e-mail comments to *OGCRegulations@mail.va.gov*. Comments should indicate that they are submitted in response to ''RIN 2900–AL43''. All written comments received will be available for public inspection at the above address in the Office of Regulations Management, room 1158 between the hours of 8 a.m. to 4:30 p.m., Monday through Friday (except holidays).

FOR FURTHER INFORMATION CONTACT: Lynn M. Cossette, Education Advisor, Education Service (225C), Veterans Benefits Administration, Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420, 202–273–7294.

SUPPLEMENTARY INFORMATION: For purposes of background information, educational institutions are required under sections 3675 and 3676, title 38, United States Code (U.S.C.), to maintain certain records in order for their courses to be approved for VA training. Generally, these records contain information about students' grades and progress, prior training, charges for tuition and fees, and other administrative and policy records that show the institution satisfactorily meets all the approval criteria in sections 3675 and 3676. In addition, each institution must make its records and accounts pertaining to eligible veterans and eligible persons who receive educational assistance under chapters